

Attachment A
Circular No. A-12

OBJECT CLASS DEFINITIONS

10 PERSONAL SERVICES AND BENEFITS

- 11 Personnel compensation. -- Comprises gross compensation (before deductions for taxes and other purposes) for services of individuals, including terminal leave payments. This classification covers all payments (salaries, wages, fees) for personal services rendered to the Government by its officers or employees, either civil or military, and compensation for special services rendered by consultants or others.

Examples

Regular salaries and wages: Regular salaries and wages of all officers and employees, regardless of type of appointment or method of payment, including amounts deducted for retirement, insurance contributions, and other purposes, which are creditable to other appropriations and funds. Includes payments to military and quasi-military personnel and to non-Federal employees when paid directly from Federal funds.

Additional compensation: Differentials for service broad, hardship posts, hazardous duty pay, and the like, cost-of-living allowances and additional pay for overtime, holiday, standby, and night work.

Special and miscellaneous payments for personal services Commissions, fees, and the like, for special and miscellaneous services, including patient and inmate help, casual labor, and compensation in the nature of allowances to trainees. Also includes compensation of witnesses, payments for employment under contracts with individuals which are exclusively for their own personal services, and rewards for information or other services.

Employees on reimbursable detail: Payments made to other agencies for services of employees on reimbursable detail.

- 12 Personnel benefits. -- Comprises cash allowances paid to civilian and military employees incident to their employment and payments to other funds for the benefit of employees. Perquisites provided in kind, such as uniforms or quarters, and payments to veterans and former employees resulting from their employment (such as those described under object classes 13 and 42) are excluded.

Examples

Allowances to employees: Quarters allowances, uniform allowances (when paid in cash), reimbursements for notaries

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public expense, and incentive awards. Includes military mustering-out pay and reenlistment bonuses.

Payments to other funds: Employer's share of costs of employees' life insurance, health benefits, retirement, Federal Insurance Contribution Act taxes, accident compensation, and similar payments.

- 13 Benefits for former personnel. -- Comprises pensions, annuities, or other benefits due to former employees or their survivors based (at least in part) on the length of their services to the Government, other than benefits paid from funds financed from employer and/or employees contributions and premiums. Includes Federal payments to funds which provide benefits to former employees. Excludes benefits provided in kind, such as hospital and medical care. Also excludes indemnities for disability or death of former employees.

Examples

Retirement benefits: Compensation in the form of annuities or other retirement benefits paid to former Government personnel (civil or military) or to their survivors, exclusive of payments from retirement trust funds.

Other benefits: Unemployment compensation for Federal employees and ex-servicemen and other allowances paid directly to the beneficiary.

20 CONTRACTUAL SERVICES AND SUPPLIES

- 21 Travel and transportation of persons. -- Includes transportation of Government employees or others, their per diem allowances while in an authorized travel status, and other expenses incident to travel which are to be paid by the Government either directly or by reimbursing the traveler.

NOTE: This object class consists of both (a) travel away from official stations, subject to regulations governing civilian and military travel, and to appropriation limitations in certain cases; and (b) local travel and transportation of persons in and around the official station of an employee. It includes rental of passenger motor vehicles from Government motor pools, formerly classified as 07. In determining subclasses for administrative use, agencies may maintain such distinctions as they deem appropriate, including a separate subclass for rental of vehicles from interagency motor vehicle pools. Agencies may propose specific exclusions of such payments from travel limitations.

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(April 1961)

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

July 22, 1960

CIRCULAR NO. A-12

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Uniform classification according to objects

1. Purpose. This Circular prescribes a uniform classification to be used in classifying the Government's financial transactions by object class and replaces Part VII of the Budget-Treasury Regulation No. 1.

2. Classes prescribed. The following classes, as defined in Attachment A to this Circular, are hereby prescribed:

- 10 PERSONAL SERVICES AND BENEFITS
 - 11 Personnel compensation
 - 12 Personnel benefits
 - 13 Benefits for former personnel
- 20 CONTRACTUAL SERVICES AND SUPPLIES
 - 21 Travel and transportation of persons
 - 22 Transportation of things
 - 23 Rent, communications, and utilities
 - 24 Printing and reproduction
 - 25 Other services
 - 26 Supplies and materials
- 30 ACQUISITION OF CAPITAL ASSETS
 - 31 Equipment
 - 32 Lands and structures
 - 33 Investments and loans
- 40 GRANTS AND FIXED CHARGES
 - 41 Grants, subsidies, and contributions
 - 42 Insurance claims and indemnities
 - 43 Interest and dividends
 - 44 Refunds

The relationship between the new and former classifications is set forth in Attachment B.

In cases where obligations may be incurred or expenditures made lawfully for confidential purposes, not subject to detailed vouchering or reporting, the transactions will be reported as "unvouchered."

These classes are based upon the nature of the services, articles, or other items involved, as distinguished from the purpose for which

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such obligations are incurred. Thus, personal services, or supplies, are to be classified as such even though they may be used in the manufacture of equipment, in the erection of structures, or in carrying out a grant program which involves the furnishing of services or material rather than cash.

3. Application of object classification. The classification prescribed by this Circular shall be utilized in submitting budget estimates to the Bureau of the Budget, and in reporting data whenever an analysis by object is required. The classification will be applied to obligations, applied costs, accrued expenditures, or disbursements, as may be required.

It is expected that agency accounting systems will be so designed as to provide this information, in accordance with section 113(a) of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 66a). Any agency may divide the object classes prescribed herein into such detailed classes as it deems necessary; provided, however, that such classes shall be subsidiary to and conform in total with the prescribed classes.

4. Advances and reimbursements to other agencies. Each advance or reimbursement to another account shall be classified under the object class which represents the nature of the transaction from the standpoint of the reimbursing agency.

Where permitted by law and regulations, certain transactions between accounts of an organizational unit may be netted through accounting adjustments, instead of being reported as reimbursements, but in that case the various object classes must be charged to the paying account identically with the credits of the receiving account.

5. Project orders and similar arrangements. In certain special cases, an appropriation may be legally obligated in lump sum (such as project orders) ahead of the time when individual obligations are incurred (within the lump sum) for salaries, travel, supplies, and other items. In such cases, the following rules shall apply:

- (a) At the time the appropriation is first obligated in a lump sum, the entire obligation may be temporarily charged to the object class which most nearly represents the nature of the transaction, as, for instance, 25, 31, 32.
- (b) When individual obligations are incurred under the same appropriation involving employees, carriers, and others within the scope and amount of the lump sum obligations already recorded, an appropriate adjustment shall be made in the obligations by object. The individual obligations shall then be charged to the correct object class, and a credit shall be made to

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the object class previously charged with the lump sum entry. This transaction creates no net new obligations and, therefore, does not affect apportionments or related reports. It does affect the distribution by object classes as used in the budget document; therefore, in reporting obligations by object class, agencies shall include under each object the amount of such individual obligations actually incurred within the year, and shall include an offsetting credit to the object class previously charged with the lump sum obligation or to a special adjustment account used to eliminate duplication in the totals.

6. Effective date. The classification prescribed by this Circular shall be applicable beginning with the 1962 budget. Agencies should take the necessary steps to see that data for 1960 and 1961 are adjusted to the new classification. The adjustments should be made with reasonable accuracy, but without devoting undue time to detailed analysis.

MAURICE H. STANS
Director

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notaries public expense, and incentive awards. Includes military mustering-out pay and reenlistment bonuses.

Payments to other funds: Employer's share of costs of employees' life insurance, health benefits, retirement, Federal Insurance Contribution Act taxes, and similar payments.

- 13 Benefits for former personnel. -- Comprises pensions, annuities, or other benefits due to former employees or their survivors based (at least in part) on the length of their services to the Government, other than benefits paid from funds financed from employer and/or employees contributions and premiums. Includes Federal payments to funds which provide benefits to former employees. Excludes benefits provided in kind, such as hospital and medical care. Also excludes indemnities for disability or death of former employees.

Examples

Retirement benefits: Compensation in the form of annuities or other retirement benefits paid to former Government personnel (civil or military) or to their survivors, exclusive of payments from retirement trust funds.

Other benefits. Unemployment compensation for Federal employees and ex-servicemen and other allowances paid directly to the beneficiary.

20 CONTRACTUAL SERVICES AND SUPPLIES

- 21 Travel and transportation of persons. -- Includes transportation of Government employees or others, their per diem allowances while in an authorized travel status, and other expenses incident to travel which are to be paid by the Government either directly or by reimbursing the traveler.

NOTE: This object class consists of both (a) travel away from official stations, subject to regulations governing civilian and military travel, and to appropriation limitations in certain cases; and (b) local travel and transportation of persons in and around the official station of an employee. It includes rental of passenger motor vehicles from Government motor pools, formerly classified as 07. In determining subclasses for administrative use, agencies may maintain such distinctions as they deem appropriate, including a separate subclass for rental of vehicles from interagency motor vehicle pools. Agencies may propose specific exclusions of such payments from travel limitations.

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Examples

Transportation of persons: Contractual services in connection with carrying persons from place to place, whether by land, air, or water, and the furnishing of accommodations incident to actual travel. This includes commercial transportation charges, rental of passenger cars, charter of trains, buses, vessels, or airplanes, ambulance service, and expenses incident to the operation of the rented or chartered conveyances. (Rental of all passenger-carrying vehicles is to be charged to this object class, even though they may be used incidentally for transportation of things.) It includes mileage allowances for use of privately owned vehicles and related charges (such as ferry fares and tolls) which are specifically authorized. It also includes streetcar and taxi fares (including tips) whether used for local transportation or for travel away from a designated post of duty.

Subsistence for travelers: Payments to travelers of per diem allowances or reimbursement of actual expenses for subsistence.

Incidental travel expenses: Other expenses necessitated by travel, such as baggage transfer, steamer chairs, and telephone and telegraph expenses, as authorized by travel regulations. This does not cover miscellaneous expenses incurred when in travel status which are not directly related to travel.

- 22 Transportation of things. --- Contractual charges for the transportation of things (including animals) and for the care of such things while in process of being transported. It includes postage used in parcel post, rental of trucks and other transportation equipment, and reimbursements to Government personnel for the authorized movement of household effects or house trailers. It excludes transportation paid by a vendor, regardless of whether or not the cost thereof is itemized on the bill for the commodities sold.

Examples

Freight and express: Charges by common carrier and contract carrier, including freight and express, demurrage, switching, recrating, refrigerating, and other incidental expenses.

Drayage and other local transportation: Cartage, handling, and other charges incident to local transportation, including contractual transfers of supplies, equipment, etc.

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Mail transportation: Contractual transportation of mail by water, rail, air, motor vehicles, etc.

Commutation of transportation expenses: Payments to officers and employees in lieu of payment of actual expense for transportation of household goods and effects or house trailers upon transfer of personnel from one official station to another.

- 23 Rent, communications, and utilities. -- Comprises charges for rents (excluding transportation equipment), and communications and utility services.

Examples

Rents: Charges for possession and use of land, structures, or equipment (other than transportation equipment) owned by another, the possession of which is to be relinquished at a future time. This also includes periodic charges under purchase rental agreements for equipment prior to the time that the title to the equipment is acquired. (Payments subsequent to the acquisition of title should be classified as equipment.) It excludes payments under lease-purchase contracts for construction of buildings (included in object classes 32 and 43).

Communication services: Includes the transmission of messages from place to place, such as contractual charges for land telegraph service, marine cable service, radio and wireless telegraph service, telephone and teletype service; charges for postage (other than parcel post); contractual messenger service; and rental of post office boxes, postage meter machines, mailing machines, and teletype equipment. It also includes switchboard and service charges and telephone installation costs.

Utility services: Charges for heat, light, power, water, gas, electricity and other utility services exclusive of transportation and communication services.

- 24 Printing and reproduction. -- Comprises contractual printing and reproduction, and the related composition and binding operations performed by the Government Printing Office, other agencies or other units of the same agency (on a reimbursable basis), and commercial printers. Includes all common processes of duplicating obtained on a contractual or reimbursable basis. Also includes standard forms when specially printed or assembled to order, and printed envelopes and letterheads.

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NOTE: This object class consists of both (a) printing and binding as defined in the Government Printing and Binding Regulations issued by the Joint Committee on Printing, and (b) reproduction of the type which does not come within the Joint Committee's definition. In determining subclasses for administrative use, agencies may appropriately maintain such a distinction.

Examples

Printing and duplicating: Job work done on printing presses which utilize printers' type plates, or engravings; lithographing; multigraphing; reproduction with machines employing photographically made plates, related photo-reproduction work, the use of varityping or other substitutes for typesetting for reproduction by photo mechanical means; reproductions by the spirit process; mimeographing; and the use of stencils or direct image plates prepared by ordinary typewriters.

Binding operations connected with the foregoing.

Photostating, blueprinting, and photography.

Microfilming.

- 25 Other services. --- Comprises all contractual services not otherwise classified. Supplies and materials furnished by the contractor in connection with such services are included even though they may be separately itemized on the voucher. Charges for services in connection with initial installations of equipment, when performed by the vendor, are excluded.

Examples

Repairs and alterations: Repairs and alterations to buildings, bridges, viaducts, vessels, equipment, and like items, when done by contract.

Storage and maintenance of vehicles: Contractual services for storage and care of vehicles.

Subsistence and support of persons: Contractual services for board, lodging, and care of persons, including hospital care (except travel items, which are included under travel).

Stenographic services: Contractual stenographic reporting and typing.

Publication of notices, advertising, and radio broadcast time.

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Tuition.

Fees and other charges: Fees for abstracting land titles, premiums on insurance (other than payments to the Civil Service Commission), and surety bonds.

Operation of facilities or other service contracts.

Research and development contracts.

- 26 Supplies and materials. -- Comprises all commodities whether acquired by formal contract or other form of purchase, (a) which are ordinarily consumed or expended within one year after they are put into use, or (b) which are converted in the process of construction or manufacture, or (c) which are used to form a minor part of equipment or fixed property. (For purposes of this Circular, other property of little monetary value which does not meet any of these three criteria may also be classified as "Supplies and materials" at the option of the agency.)

Examples

Office supplies: Pencils, paper, calendar pads, stenographic notebooks, blank books and pads, standard forms (except when specially printed or assembled to order), unprinted envelopes, other office supplies, and property of little monetary value, such as desk trays, pen sets, and calendar stands.

Subscriptions to newspapers and periodicals.

Pamphlets and documents when purchased rather than printed by or at the request of the agency.

Chemicals, surgical and medical supplies.

Fuels: Fuels used in cooking, heating, generating power, making artificial gas, and operating motor vehicles, aircraft, and vessels.

Clothing and clothing supplies: Articles of clothing, together with materials and sewing supplies used in the manufacture of wearing apparel.

Provisions: Food and beverages for human consumption.

Forage and stable supplies: Food used for livestock and other animals, and stable supplies.

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Cleaning and toilet supplies.

Ammunition and explosives.

Materials and parts: Commodities, including building materials, entering into the construction, repair, or production of supplies, equipment, machinery, buildings, and other structures.

30 ACQUISITION OF CAPITAL ASSETS

- 31 Equipment. -- Comprises personal property of a more or less durable nature -- that is, which may be expected to have a period of service of a year or more after put into use without material impairment of its physical condition. It includes charges for services in connection with initial installation of equipment when performed under contract. It excludes commodities which are converted in the process of construction or manufacture, or which are used to form a minor part of equipment or fixed property.

NOTE: -- This object class may consist of both (a) equipment which is not capitalized (not set up in property accounts) and (b) equipment which is capitalized. In determining subclasses for administrative use, agencies may appropriately maintain such a distinction.

Examples

Transportation equipment: Vehicles, including passenger-carrying automobiles, motor trucks, motorcycles, tractors, aircraft, wagons, carts, vessels, steamships, barges, and power launches.

Furniture, furnishings, and fixtures: Movable furniture, fittings, fixtures, and household equipment, including desks, tables, chairs, typewriters, adding and bookkeeping machines.

Books for permanent collections.

Livestock (other than that purchased for slaughter).

Implements and tools.

Machinery: Engines, generators, manufacturing machinery, transformers, ship equipment, pumps, and other production and construction machinery.

Instruments and apparatus: Surgical instruments, X-ray apparatus, signaling and telephone and telegraph equipment,

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electronic equipment, scientific instruments and appliances, measuring and weighing instruments and accessories, photographic equipment, picture projection equipment and accessories, and mechanical drafting devices.

Armaments: Tanks, armored cars, tractors, machine guns, rifles, bayonets, antiaircraft guns, cannons, searchlights, detectors, fixed and mobile mounts or carriages for cannon, including limbers, caissons, battery and store wagons, reels and carts, fire-control apparatus, submarine mine equipment, ammunition hoists, torpedo tubes, and other special and miscellaneous military equipment.

- 32 Lands and structures. -- Comprises land and interest in land, buildings and other structures, additions to buildings, non-structural improvements, and fixed equipment (whether an addition or a replacement), when acquired under contract.

Examples

Lands and interest in lands, including easements and rights of way.

Buildings and other structures: The acquisition or construction of buildings and structures, and additions thereto, when acquired under contract. This includes principal payments under lease-purchase contracts for construction of buildings.

Nonstructural improvements: Improvements of land, such as landscaping, fences, sewers, wells, reservoirs, when acquired under contract.

Fixed equipment: Fixtures and equipment which become permanently attached to or a part of buildings or structures, such as elevators, plumbing, power-plant boilers, fire-alarm systems, lighting or heating systems, and air-conditioning or refrigerating systems (whether an addition or a replacement), when acquired under contract. This includes charges for services in connection with initial installations of fixed equipment when performed under contract.

- 33 Investments and loans. -- Comprises the purchase of stocks, bonds, notes, and similar transactions (except the par value of Government securities or securities of wholly-owned Government enterprises); expenditures in the nature of capital for other funds; loans to foreign governments, States, and other political subdivisions; and loans to corporations, associations, and individuals.

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Examples

Investments in securities: The purchase of stocks, bonds, debentures, and other securities (except the par value of U. S. Government securities) in which money is invested either temporarily or permanently. This should include the amounts paid for interest accrued at the time of purchase and premiums paid on all investments, including payments over par value of Government securities and discounts under par value on sales of Government securities.

Loans: Loans to foreign governments, States, and other political subdivisions; loans to other Government agencies; and loans to corporations, associations, and individuals.

Investments in other funds: Capital payments to trust revolving funds or other funds which are expected to be returned when the enterprise is liquidated, transferred or sold. Excludes nonexpenditure transfers between funds.

40 GRANTS AND FIXED CHARGES

- 41 Grants, subsidies, and contributions. -- Comprises grants, subsidies, gratuities, and other aid for which cash payments are made to States, other political subdivisions, corporations, associations, and individuals; contributions to international societies, commissions, proceedings, or projects, whether in lump sum or as quotas of expenses; contributions fixed by treaty; grants to foreign countries; taxes imposed by taxing authorities where the Federal Government has consented to taxation (excluding the employers' share of Federal Insurance Contribution Act taxes); and payments in lieu of taxes. Includes readjustment and other benefits for veterans, other than indemnities for death or disability. (Note that obligations under grant programs which involve the furnishing of services, supplies, materials, and the like, rather than cash are not charged to this object class, but to the object class representing the nature of the services, articles, or other items which are purchased.)
- 42 Insurance claims and indemnities. --- Comprises payments of claims on life and marine insurance policies; annuities paid from trust funds to former employees and others; indemnities for destruction or injury of persons or property; and other losses.

Examples

Insurance claims: Insurance loss claims, including payments on guarantees where no asset is received. Includes benefits paid from the Federal retirement and social insurance funds.

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Indemnities. Compensation for loss or injury (not covered by Government insurance) such as awards arising from abrogation of contracts; indemnities for the destruction of livestock, crops, and the like; damage to or loss of property; and personal injury or death. Includes indemnities to veterans and former civilian employees or their survivors for death or disability, whether service connected or not. This also includes losses made good on Government shipments, and the difference between the face value of uncurrent coins and the value of coins resulting from their recoinage.

43 Interest and dividends. -- Comprises compensation to creditors for the use of moneys loaned, deposited, overpaid, or otherwise made available, and the distribution of earnings to owners of a trust or other fund. Includes interest payments under lease-purchase contracts for construction of buildings.

44 Refunds. -- Comprises refunds of the whole or part of amounts previously received by the United States.

Examples

Refunds: Refunds of fines, penalties, forfeitures, taxes, duties, and premiums; returns of deposits in retirement and disability funds; and other refunds on account of adjustments, errors in computation, etc.

Repayment of deposits: Repayments of amounts not subject to demand or claims by the United States for which it has assumed custody. Such items represent the repayment of those moneys received in trust for private purposes and over which the Government exercises the responsibility of custodian rather than owner.

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Attachment B
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CHANGES IN OBJECT CLASSIFICATION

<u>New Classification</u>	<u>Relationship to former classification</u>
10 PERSONAL SERVICES AND BENEFITS	
11 Personnel compensation	Former 01, except living and other allowances Compensation of witnesses (from 07)
12 Personnel benefits	Living and other allowances (including uniforms) (from 01) Payments to CSC employees' life insurance fund (07) Payments to retirement funds (11) Employers' share of FICA taxes (15) Employee suggestion awards (13) Allowances for notaries public expenses (07)
13 Benefits for former personnel	Annuities to former Government employees based on length of service, other than payments from trust funds (from 12) Unemployment compensation for employees and ex-servicemen (from 11)
20 CONTRACTUAL SERVICES AND SUPPLIES	
21 Travel and transportation of persons	Former 02 Travel of witnesses (from 07) Rental of passenger motor vehicles from Government motor pools (from 07)
22 Transportation of things	Former 03 Rental of trucks from Government motor pools (from 07)
23 Rent, communications, and utility services	Former 04 and 05
24 Printing and reproduction	Former 06

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<u>New Classification</u>	<u>Relationship to former classification</u>
25 Other services	Former 07, except: Payments to CSC employees' life insurance fund Rental of vehicles from Government motor pools Compensation of witnesses Allowances for notaries public expenses Travel of witnesses
26 Supplies and materials	Former 08
30 ACQUISITION OF CAPITAL ASSETS	
31 Equipment	Former 09
32 Lands and structures	Former 10
33 Investments and loans	Former 16
40 GRANTS AND FIXED CHARGES	
41 Grants, subsidies, and contributions	Former 11, except: Payments to retirement funds Unemployment compensation for employees and ex-servicemen Former 15, except employers' share of FICA taxes
42 Insurance claims and indemnities	Former 12, except annuities to former Government employees, based on length of service, which are not paid from trust funds Former 13, except: Employee suggestion awards Refunds Dividends
43 Interest and dividends	Former 14 Dividends (from 13)
44 Refunds	Refunds (from 13)

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